Curtailing Export Promotion Schemes

1684. SHRI NANDI YELLAIAH: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether the Ministry has opposed the move of the Ministry of Finance to decrease the number of Export promotion schemes, as the latter found that upto November, 2005 a revenue worth Rs. 24850 crore had been waived under eight export promotion schemes, and this loss is increasing year after year;

(b) if so, the reasons for opposing the move; and

(c) the rationale behind continuing these massive rebates, especially when these schemes could not increase foreign exchange reserves, to make good the massive revenue loss year after year?

THE MINISTER OF STATE IN THE DEPARTMENT OF COMMERCE, MINISTRY OF COMMERCE AND INDUSTRY (SHRI JAIRAM RAMESH): (a) and (b) No, Sir. Department of Commerce is not aware of any such move of the Ministry of Finance.

(c) Foreign exchange reserves have increased substantially over last few years due to quantum jump in exports. The basic underlying principle is that only goods and services are exported and not taxes and duties. Duty neutralization schemes and incentives schemes are meant to neutralize the incidence of indirect taxes and a part of high transaction cost of the Indian goods. Primarily, these projections of rebate are not revenue loss. As had these exports not taken place, there would not have been any proportionate imports. Export led growth has resulted in achieving the dual objective of sustainable growth in exports as well as increase in the economic activity leading to additional employment generation.

Purchase of fighter planes

†1685. SHRI UDAY PRATAP SINGH: Will the Minister of DEFENCE be pleased to state:

(a) whether Government are contemplating to purchase planes including F-16 fighter planes from USA; and

†Original notice of the question was received in Hindi.